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EXHIBIT A TO SUBPART A—FARMERS HOME ADMINISTRATION OR ITS SUCCESSOR AGENCY UNDER PUBLIC LAW 103-354 LOANS TO ENTRYMEN ON UNPATENTED PUBLIC LANDS

EXHIBIT B TO SUBPART A—TARGET PARTICIPATION RATES FOR FARMERS HOME ADMINISTRATION (FMHA) OR ITS SUCCESSOR AGENCY UNDER PUBLIC LAW 103-354 DIRECT FARM OWNERSHIP (FO) LOANS TO MEMBERS OF SOCIALLY DISADVANTAGED GROUPS

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AUTHORITY: 5 U.S.C. 301; and 7 U.S.C. 1989.

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Subpart A—Direct Farm Ownership Loan Policies, Procedures, and Authorizations

SOURCE: 53 FR 35692, Sept. 15, 1988, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to subpart A appear at 68 FR 7697, Feb. 18, 2003.

§ 1943.1 Introduction.

This subpart contains regulations for making initial and subsequent direct Farm Ownership (FO) loans. FO loans may be made to eligible farmers and ranchers, and entities that will manage and operate not larger than family farms. It is the policy of Farm Service Agency (FSA) or its successor agency under Public Law 103-354 to make loans

to any qualified applicant without regard to race, color, religion, sex, national origin, marital status, age or physical/mental handicap provided the applicant can execute a legal contract. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to FmHA or its successor agency under Public Law 103-354 employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an FmHA or its successor agency under Public Law 103-354 employee. See exhibit A of this subpart for making FP loans to entrymen on unpatented public lands.

[53 FR 35692, Sept. 15, 1988, as amended at 58 FR 227, Jan. 5, 1993; 58 FR 48282, Sept. 15, 1993; 61 FR 35925, July 9, 1996; 68 FR 7697, Feb. 18, 2003]

§ 1943.2 Objectives.

The basic objective of the FO loan program is to provide credit and management assistance to eligible farmers and ranchers to become owners-operators of family-sized farms or to continue such operations when credit is not available elsewhere. Agency or its successor agency under Public Law 103-354 assistance enables family-farm operators to use their land, labor and other resources, and to improve their living and financial conditions so that they can obtain credit elsewhere.

[53 FR 35692, Sept. 15, 1988, as amended at 61 FR 35925, July 9, 1996]

§ 1943.3 Management assistance.

Supervision will be provided borrowers to the extent necessary to achieve the objectives of the loan and to protect the interests of the Government in accordance with subpart B of part 1924 of this chapter. Such assistance consists of farm, home and non-farm planning, recordkeeping; analyzing the farm and any nonfarm business; and giving management advice.

§ 1943.4 Definitions.

As used in this subpart, the following definitions apply:

Additional security. Any security beyond that which is required to adequately secure the loan.

Agency. The Farm Service Agency, its county and State committees and their personnel, and any successor agency.

Approval official. A field official who has been delegated loan and grant approval authorities within applicable loan programs, subject to the dollar limitations contained in tables available in any FmHA or its successor agency under Public Law 103-354 office.

Beginning farmer or rancher. A beginning farmer or rancher is an individual or entity who:

(a) Meets the loan eligibility requirements for FO loan assistance in accordance with § 1943.12 of this subpart.

(b) Has not operated a farm or ranch, or who has operated a farm or ranch for not more than 10 years. This requirement applies to all members of an entity.

(c) Will materially and substantially participate in the operation of the farm or ranch.

(1) In the case of a loan made to an individual, individually or with the immediate family, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm or ranch, consistent with the practices in the county or State where the farm is located.

(2) In the case of a loan made to an entity, all members must materially and substantially participate in the operation of the farm or ranch. Material and substantial participation requires that the individual provides some amount of the management, or labor and management necessary for day-to-day activities, such that if the individual did not provide these inputs, operation of the farm or ranch would be seriously impaired.

(d) Agrees to participate in any loan assessment, borrower training, and financial management programs required by FmHA or its successor agency under Public Law 103-354 regulations.

(e) Except for OL loan purposes, does not own real farm or ranch property or who, directly or through interests in family farm entities, owns real farm or